

EX PARTE OR LATE FILED

RECEIVED

FEB 21 1997

Federal Communications Commission
Office of Secretary

Ex Parte Presentation

In the Matter of:

CPNI Authorizations


CC Docket Number: 96-115

Ex Parte Presentation

Cynthia Hamilton
VoiceLog LLC
646 Whispering Wind Court
Gaithersburg, MD 20877
February 21, 1997

The attached ex parte presentation was presented on February 6, 1997 to William Kehoe and Dorthy Attwood, of the FCC, by VoiceLog LLC. Jim Veilleux, John Veilleux, and Cynthia Hamilton represented VoiceLog LLC. Two copies are attached for the Secretary to include in the public record.

Submitted by:


Cynthia Hamilton
VoiceLog LLC
646 Whispering Wind Court
Gaithersburg, MD 20877
February 21, 1997

No. of Copies rec'd
List ABCDE

OH

EX PARTE OR LATE FILED

CPNI Usage Authorizations

Ex Parte Presentation

CC Docket Number: 96-115

Presented by VoiceLog LLC

February 6, 1997

RECEIVED

FEB 21 1997

Federal Communications Commission
Office of Secretary

Overview

- ◆ Explanation of VoiceLog
 - ◆ Demonstration
 - ◆ Implementation options
- ◆ Benefits of Recorded Verification
 - ◆ More effective
 - ◆ More efficient

Third Party Recorded Verification Description and Demonstration

- ◆ Description
- ◆ Demonstration
- ◆ Two methods of implementation
- ◆ Comparison to other methods

Comparison of PIC Change Verification Methods

	Electronic Verification	Written LOAs	Mail Confirmation	Human TPV	Recorded TPV - Non-auto	Recorded TPV - Auto
Customer identification	Originating telephone number	Depends on signature	Mail sent to specific customer	SSN, DOB	SSN, DOB, Voice	SSN, DOB, Voice
Resulting record	Computer file record of ANI, dialed digits	Signed LOA	Computer file record of mailing	Computer file record of operator's entry	Verbatim audio recording of transaction	Verbatim audio recording of transaction
Forgery opportunities	Simulated ANI - requires technology	Easily forged in quantity	Forged record of mailing	Reps recruit customer impersonators	Reps recruit customer impersonators	Reps recruit customer impersonators
Weakest aspects	Not used - little customer follow through	Forgeries, rep misrepresentations	No audit trail, little usage by carriers	TPV rep turn-over, customer impersonators	IXC reps on call, customer impersonators	Customer impersonators, automation
Format & presentation standards	Few	Extensive	Extensive	Few	Few	Few
Content standards	Weak	Extensive	Extensive	Few	Few	Few
Other process controls	Automated process	None	None	Independent verifier, verifying data	Recording, script, verifying data	Recording, automated, verifying data
Literacy requirements	Some technological literacy important	Inaccessible to the illiterate (44 million)	Illiterates can be victimized easily	Accessible to almost all	Accessible to almost all	Some technological literacy important
Availability issues	Touch-tone, ANI areas only	Literacy	Literacy	Universal	Universal	May require touch-tone
Accommodates other languages	Potentially, but may be difficult to implement	Language requirements	Non-English speakers easy victims	No requirements - adaptable	No requirements - adaptable	No requirements - adaptable
Requires independent customer action	Yes	Yes	Yes, to decline	No	No	No
Access for review	Easy by phone, slow by mail	Difficult to produce	Record of mailing - slow to access	Slow - by mail or fax	Easy by phone	Easy by phone
Audit trail	Strong	Strong	Weak	Strong	Strong	Strong
Rep presence during verification	No contact	In-person contact	No contact	Telephone contact allowable	Telephone contact	Telephone contact allowable
Cost of verification	\$0.45- \$2.50	\$0.05 - \$0.25, plus paper management	\$0.40 - \$1.50	\$1.00+ - \$5.00	\$0.45 - \$2.50	\$0.45 - \$2.50

Third Party Recorded Verification Is More Effective vs. Written Authorization

Recorded CPNI Authorization

- ➔ Accessible to all
- ➔ Easily adaptable to other languages
- ➔ More complete record: customer can ask questions, answers captured on recording
- ➔ Difficult to fabricate recordings in customer voice
- ➔ Nature of oral transaction makes it difficult to disguise purpose

Written CPNI Authorization

- ← Literacy requirement excludes 44 millions American
- ← Difficult to accommodate 6-12 million non-English speakers
- ← Customer signature provides no information about customer confusion, questions, concerns
- ← Signatures are relatively easy to forge
- ← Intended use of written signatures often easy to hide: PIC LOAs

Third Party Recorded Verification Is More Effective vs. Written Authorization

Recorded CPNI Authorization

- ➔ Better notice: customer can ask questions
- ➔ Easily retrieved by carriers, customers and regulators
- ➔ Recordings successfully used in many contexts to prevent abuse
- ➔ Resolves consumer complaints quickly and easily
- ➔ Quickly determines whether customer will provide consent

Written CPNI Authorization

- ← Little opportunity to ask questions, no assurance of comprehension
- ← Document retrieval and review is historically difficult
- ← Empirical results with PIC LOAs show written forms problematic
- ← Resolving complaints depends on document retrieval - problematic
- ← Non-response from consumers results in repeated solicitations

Third Party Recorded Verification Is More Effective vs. Human Operator Verification

Recorded CPNI Authorization

- ➔ Verbatim record of the transaction
- ➔ Captures actual words used, tone of voice
- ➔ More complete record: customer can ask questions, answers captured on recording
- ➔ Verbatim record allows qualitative judgments
- ➔ Voice identification provides added means to identify customer

Human Operator Third Party CPNI Authorization

- ← Abstract record of the transaction
- ← Captures operator data entry of response to confirmation questions
- ← Customer questions referred back to IXC rep
- ← Abstracted record provides little data for post hoc evaluation
- ← SSN, DOB can be obtained from publicly available sources

Third Party Recorded Verification Is More Effective vs. Human Operator Verification

Recorded CPNI Authorization

- ➔ Resulting record is easily reviewed
- ➔ Third party system makes access easily available to IXC, customer and regulators
- ➔ Customer review can quickly resolve complaints
- ➔ Regulator review allows fast enforcement action

Human Operator Third Party CPNI Authorization

- ← Reviewable record limited to notation in computer file
- ← Human verifier can provide access to abstract only
- ← Customer review can be slow, unsatisfactory for customer
- ← Regulator review requires slow process investigation

Third Party Recorded Verification Is More Effective vs. Human Operator Verification

Recorded CPNI Authorization

- ➔ Verbatim record available for three years
- ➔ Statistical sampling available for proactive quality control by IXC management, third party verifier, identifying impersonators
- ➔ Recordings deter abuse of process

Human Operator Third Party CPNI Authorization

- ← Operator will not remember transaction, may not be available due to turnover
- ← Quality control check is dependent on customer complaints, neither IXC nor verifier can confirm SSN, DOB without customer complaint.
- ← Third party verifier deters some forms of abuse, can't detect impersonators

Deterrent Value of Recording

“...I found [tape recording calls] useful in several ways, one as a deterrent to your agent staff...to ensure they give you the best quality and say things to customers that you feel are appropriate. Second, as quality assurance...we could also monitor by use of the tapes.” Gary Ramirez, former VP and Manager, On-line Customer Service, Premier Customer Service, Wells Fargo Bank

“It’s extremely important to our business as a service agency to promote ethical behavior and the utmost quality over the telephone...monitoring, taping and daily coaching and counseling on calls are how I ensure the delivery of quality services for our client base. Taping our workforce helps the team focus on script adherence, true customer service, and ethical salesmanship.” Tom Rocca, Board Member, American Telemarketing Association, President-Elect, Society of Consumer Affair Professionals, President, PROTOCOLL

“When a telemarketing rep knows they’re being monitored and/or recorded...they are absolutely on their best behavior.” Terry Campbell, Vice President of Legislation for Northern California Chapter, Regional Chair for National Legislation, American Telemarketing Association, independent TM consultant

Third Party Recorded Verification is More Efficient

- ◆ Significantly less expensive
 - ◆ \$0.45 - \$1.00 per recorded transaction
 - ◆ \$1.00+ - \$2.50 for oral verification
 - ◆ \$6.00 - \$30.00 for written verification
- ◆ Easier to manage
 - ◆ No personnel scheduling issues
 - ◆ Accommodates wide swings in volume easily
 - ◆ Easily accommodates other languages
- ◆ Encourages competition
 - ◆ Effectiveness = more authorizations
 - ◆ Small carriers at less of a cost disadvantage in human operator TPV

Third Party Recording Ensures Effective Verification of CPNI Usage Authorization

- ◆ Recorded preamble ensures purpose of the call is established
 - ◆ “Thank you for calling the VoiceLog system. The VoiceLog system is designed to confirm your authorization allowing the telephone company to access your records to provide you with extended customer service and offer you other services. After the tone, this conversation will be recorded.”
- ◆ Scripting is controlled by independent verifier
- ◆ Auditing provided by verifier
- ◆ Resulting record is best evidence of authorization

Third Party Recording Ensures Effective Verification of Authorization

- ◆ Recording is well accepted to authenticate transactions:
 - ◆ FTC Telemarketing Sales Rules
 - ⇒ Recordings verify telephone demand drafts against checking accounts
 - ◆ SEC/National Association of Securities Dealers
 - ⇒ Recordings used to deter/document misbehavior at securities firms
 - ◆ Kentucky Public Service Commission
 - ⇒ Requires “electronic verification” of PIC changes; staff discussion indicates that recordings desired to ensure record of actual transaction
 - ⇒ Approves VoiceLog: “...there must be objective evidence that the customer...actually agreed...and understood...[T]he legitimacy of VoiceLog as the confirming third party does not appear to be a problem.”
 - ◆ Florida Public Service Commission
 - ⇒ Recordings required in current draft of proposed carrier change regulations (final regulations, may, of course, differ from current draft)

Appendix: Identity of the Questioner is not Important

- ◆ Transaction is fully explained to customer
 - ◆ Preamble announces purpose of verification
 - ◆ Script controls what reps say - abuse is easily apparent
- ◆ Telemarketing reps have limited control over customers
- ◆ Recording inhibits rep abuse
 - ◆ TM managers say recording deters abuse
 - ◆ Empirical evidence of low complaint level: Touch 1 Long Distance and PIC changes

Appendix: Third Party Recorded Verification Allowed Under 47 C.F.R. 64.1100 (c)

- ◆ “appropriately qualified” - defined in the record as transaction capacity - VoiceLog meets
- ◆ “independent third party”
 - ◆ “independent” modifies “third party”, not the process
 - ◆ Third Party Recorded Verification is independent
- ◆ “obtained” - “to gain possession of”, the recording-based verifier has possession of the call record
 - ◆ “...*evidence* totally independent of the IXC...” (emphasis added)
- ◆ “confirms and includes appropriate verification data” - Third Party Recorded Verification offers the most complete data possible - a verbatim record

Appendix: Current Verification Methods Ineffective

- ◆ “The FCC has responded to a threefold increase in the [slamming] problem since 1994 with stricter regulations, but slamming levels have not decreased.” Southwestern Bell, World Wide Web site.
- ◆ “...New York State’s Attorney General claims that for every complaint, as many as 100 others have been slammed too.” Metropolitan Fiber Systems, World Wide Web site.
- ◆ “Since 1994, the number of slamming complaints processed by the Consumer Protection Branch of the Common Carrier Bureau’s Enforcement Division has more than tripled.” “Slamming An In-Depth Look”, FCC Common Carrier Scorecard Report, 1996, World Wide Web site